



#### **Air Pollution Control Board**

Greg Cox	District 1
Dianne Jacob	District 2
Pam Slater-Price	District 3
Ron Roberts	District 4
Bill Horn	District 5

October 11, 2011

### **NOTICE OF WORKSHOP**

#### **FOR DISCUSSION OF PROPOSED NEW RULE 20.3.1 – PREVENTION OF SIGNIFICANT DETERIORATION – FEDERAL REQUIREMENTS, AND PROPOSED AMENDMENTS TO REGULATION XIV – TITLE V OPERATING PERMITS, RULE 60.1 – LIMITING POTENTIAL TO EMIT AT SMALL SOURCES, AND RULE 60.2 – LIMITING POTENTIAL TO EMIT – SYNTHETIC MINOR SOURCES**

The San Diego County Air Pollution District (District) will hold a public meeting to discuss proposed new Rule 20.3.1 – Prevention of Significant Deterioration – Federal Requirements, and proposed amendments to Regulation XIV – Title V Operating Permits, Rule 60.1 – Limiting Potential to Emit at Small Sources, and Rule 60.2 – Limiting Potential to Emit – Synthetic Minor Sources. Comments and questions concerning the proposed new and amended rules may be submitted in writing before or made at the meeting, which is scheduled as follows:

**DATE:** Thursday, November 17, 2011

**TIME:** 9:00 a.m. to 11:00 a.m.

**PLACE:** County Operations Center – Annex  
Department of Planning & Land Use Hearing Room  
5201 Ruffin Road, Suite B  
San Diego, CA 92123

On June 3, 2010, the U.S. Environmental Protection Agency (EPA) published the Prevention of Significant Deterioration (PSD) and Title V Greenhouse Gas (GHG) Tailoring Rule, establishing the emissions thresholds for applicability of Clean Air Act permitting requirements to major stationary sources of GHGs. The PSD and Title V permitting programs were statutorily triggered (automatically) when GHGs became subject to regulation under EPA's new motor vehicle GHG emissions rule. To ensure only the largest stationary sources of GHGs would require air permits, the Tailoring Rule tailors (raises) the statutory thresholds for applicability of PSD and Title V programs to GHG-emitting facilities.

The District's proposed new rule and rule amendments would accomplish three key objectives:

1. Locally implement the Tailoring Rule for affected stationary sources of GHG emissions;
2. Transfer administration of the federal PSD permit program from EPA to the District; and
3. Clarify the emissions thresholds for applicability of Title V permit requirements under each federal ozone nonattainment classification.

**OVER**

### **Covered GHGs**

Pursuant to the Tailoring Rule and proposed District requirements, "greenhouse gas" is defined as the aggregate group of the following six gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Applicability is determined on a carbon dioxide-equivalent (CO<sub>2</sub>e) basis, which is the sum of the mass of emissions of each individual gas adjusted for its Global Warming Potential (GWP).

### **Prevention of Significant Deterioration (PSD)**

PSD requirements under the Clean Air Act are designed to help ensure economic growth and development occur in a manner that maintains air quality. Under the PSD program, new major stationary sources of regulated air pollutants, and major modifications at existing major sources, are required to obtain a PSD permit prior to construction. A number of requirements apply to affected sources, including applying best available control technology, demonstrating compliance with air quality standards, and providing an opportunity for public input prior to permit issuance.

EPA currently administers federal PSD requirements in San Diego County but has requested the District to assume this responsibility, as allowed by the Clean Air Act. The District has extensive experience processing air permits and working with local facilities and therefore is well suited to the task of PSD permitting. Upon Air Pollution Control Board adoption and subsequent EPA approval of Rule 20.3.1, the District will have the primary authority to administer PSD requirements. Additionally, any appeals of PSD permitting actions will, therefore, be considered by the District Hearing Board rather than EPA's Environmental Appeals Board.

Model Rule. Proposed Rule 20.3.1 incorporates federal PSD regulations by reference and is based on a model rule developed by the California Air Pollution Control Officers Association (CAPCOA) in collaboration with EPA. Involving EPA in its development provides a high degree of certainty that EPA will approve the rule following its adoption by the Air Pollution Control Board.

Applicability. Proposed Rule 20.3.1 applies to:

1. Proposed new stationary sources with a potential to emit GHGs of at least 100,000 tons/year on a CO<sub>2</sub>e basis **and** 100 or 250 tons/year (depending on the source type) on a mass basis (i.e., with no adjustments for GWP); and
2. Proposed new stationary sources with a potential to emit at least 100 or 250 tons/year (depending on the source type) of a criteria pollutant, i.e. volatile organic compounds, oxides of nitrogen, particulate matter, oxides of sulfur, carbon monoxide, or lead; and
3. Proposed major modifications at such sources that would increase the potential to emit:
  - (a) GHG emissions by at least 75,000 tons/year on a CO<sub>2</sub>e basis **and** by more than 0 ton/year on a mass basis (i.e., results in a net mass increase of the constituent gases combined); or
  - (b) Other pollutants at a rate equal to or exceeding specified regulatory thresholds.

BACT Determinations. One PSD requirement is the application of "best available control technology" (BACT). BACT will be determined by the District (in collaboration with the PSD permit applicant) on a case-by-case, project-specific basis using the customary top-down BACT selection process. This process involves ranking and evaluating available emission reduction options in the order of their effectiveness, and narrowing the options by taking into account technical feasibility, cost, and other considerations. Energy efficient technologies and processes may serve as the foundation for GHG BACT analyses in many cases, at least initially, given the current limited availability of add-on controls to reduce GHG emissions.

Other PSD Requirements. In addition to requirements for BACT and for public input, other PSD requirements under the Clean Air Act include assessing the project's impacts on air quality, visibility, soils, and vegetation. EPA has determined that these other PSD requirements do not apply to GHGs. These requirements will continue to apply, however, to other (non-GHG) emissions that trigger PSD permitting.

#### **Title V**

Regulation XIV describes the District's permit program mandated by Title V of the Clean Air Act. It requires each major stationary source of regulated air pollutants to obtain a federally enforceable operating permit that addresses all applicable requirements under the Clean Air Act and associated monitoring, record keeping, and reporting requirements. Title V permit renewals are required on a five-year cycle.

The proposed amendments to Regulation XIV incorporate GHG-specific Title V applicability thresholds and related definitions in Rule 1401 (General Provisions), consistent with the Tailoring Rule. An unrelated minor amendment to Rule 1410 (Permit Required) is also proposed to clarify the timing of any applications to significantly amend a Title V permit due to facility modifications.

Applicability. Under the proposed amendments to Rule 1401, a Title V operating permit will be required for stationary sources with a potential to emit GHGs of at least 100,000 tons/year on a CO<sub>2</sub>e basis.

Permit Application Deadline. Existing sources that are newly subject to Title V based on GHG emissions will be required to apply for a Title V permit within 12 months of first becoming subject to these requirements. Title V requirements for GHGs will take effect upon EPA's approval of the proposed amendments to Rule 1401, therefore permit applications will be due 12 months thereafter. Future new sources meeting GHG applicability thresholds will be required to apply within 12 months of commencing operations.

Permit Application Information. Title V permit applications will need to include GHG emissions information sufficient for the District to verify potential applicable federal requirements for GHGs. This information could include descriptions of the GHG emission sources at the facility and GHG emission estimates. This requirement will generally be satisfied by information provided under EPA's GHG Reporting Rule, if applicable.

The permit application must also address any applicable federal requirements for GHGs. Such requirements will be limited, at least initially, to GHG BACT requirements resulting from PSD permitting actions, if applicable. Requirements of EPA's GHG Reporting Rule are not considered applicable requirements under Title V regulations.

Existing Title V Sources. Sources subject to an existing Title V permit (for non-GHG emissions) will be required to address GHG emissions in their next application for a Title V permit renewal (or permit amendment, if applicable). For existing Title V sources that are not subject to federal requirements for GHGs (i.e., not subject to a GHG BACT requirement resulting from a PSD review), descriptions of GHG emission sources and GHG emission estimates by reference may be sufficient. Detailed quantification of GHG emissions may not be necessary in some cases.

Rules 60.1 and 60.2. District Rules 60.1 and 60.2 are companion rules in Regulation IV that establish enforceable limits on a source's potential to emit, allowing compliant small sources (Rule 60.1) and synthetic minor sources (Rule 60.2) to avoid Title V (and possibly PSD) requirements. The proposed amendments to these rules establish such limits for GHG emissions and the record keeping and reporting requirements to maintain an exemption from Title V.

**Permit Limits to Avoid Title V.** Existing sources that may be newly subject to Title V based on their GHG emissions—but instead want to obtain enforceable permit limits on GHGs to avoid Title V—may obtain such permit limits (pursuant to Rule 60.1, 60.2, or other applicable rule) on or before the Title V permit application deadline to ensure protection from EPA enforcement of the requirement to apply for a Title V permit. Obtaining enforceable permit limits before the Title V permit application deadline will ensure Title V permit application requirements do not apply.

#### **Biomass Exemption**

The District's proposed new and amended rules reflect EPA's rule (issued in July 2011) deferring for three years (through July 20, 2014) the application of PSD and Title V permitting requirements to biogenic carbon dioxide (CO<sub>2</sub>) emissions from stationary sources. This includes CO<sub>2</sub> emitted from: biological decomposition of waste in landfills and wastewater treatment processes; combustion of biogas collected from decomposition of waste in landfills and wastewater treatment processes; and combustion of biologically-derived material such as wood and agricultural material. The deferral applies only to biogenic CO<sub>2</sub> emissions and does not affect other GHGs or non-GHG pollutants.

#### **Ozone Nonattainment Classification**

Title V requirements under the Clean Air Act also apply to major stationary sources of ozone precursors—volatile organic compounds (VOC) and oxides of nitrogen (NO<sub>x</sub>). The statutory VOC and NO<sub>x</sub> emission thresholds for applicability of Title V requirements—currently 100 tons/year for local stationary sources—vary depending on an air basin's degree or "classification" of ozone nonattainment (e.g., Serious, Severe, or Extreme). The proposed amendments to Rule 1401 incorporate the varying statutory VOC and NO<sub>x</sub> emission thresholds by ozone nonattainment classification. This will allow the District to avoid future costs of amending the rule (to adjust the applicability thresholds) upon every change in ozone nonattainment classification.

The District requests that workshop participants bring their own copies of the proposed new and amended rules. Copies may be downloaded from the District's website at [http://www.sdapcd.org/homepage/public\\_part/workshops/public\\_workshops.pdf](http://www.sdapcd.org/homepage/public_part/workshops/public_workshops.pdf). Those without internet access may contact Janet McCue at (858) 586-2712. If you have questions concerning the proposal, please contact Andy Hamilton at (858) 586-2641.



ROSA MARIA S. ABREU, Assistant Director  
Air Pollution Control District

RMA:RCR:jlm